

***United States Court of Appeals  
for the Second Circuit***



**APPELLANT'S  
APPENDIX**





76-4271

UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

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ANTHONY DALLACASA and

MARTHA M. DALLACASA,

Docket No. 76-4271

Petitioners-Appellants.

-against-

COMMISSIONER OF INTERNAL REVENUE

Respondent-Appellee.

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Appeal from a Decision of the  
UNITED STATES TAX COURT  
located at New York, New York

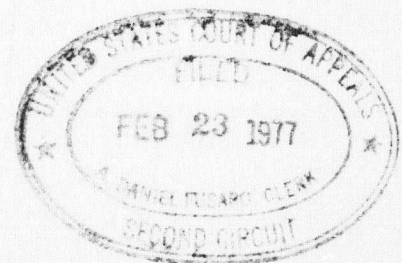
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APPELLANT'S APPENDIX

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ANTHONY DALLACASA and MARTHA DALLACASA  
Petitioners Pro Se  
Office and Post Office Address  
1662 Cropsey Avenue  
Brooklyn, New York 11214  
Telephone: 331 - 1565

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United States Tax Court

Anthony J. A. A. A. A. and  
Martha M. J. A. A. A. A.  
Petitioners

Docket No.  
7446-73

Respondent -  
Commissioners of Internal  
Revenue,  
Respondent.

Notice of  
Appeal

Please take notice, that the above named  
Petitioners Anthony J. A. A. A. and Martha M. J. A. A. A.  
have filed with the United States  
Court of Appeals for the Second Circuit for  
the Eastern District of New York, Charles P. Simpson,  
Judge of the United States Tax Court, dated  
the 22nd day of July 1975 made in favor  
of the Commissioners of Internal Revenue, and  
this proceeding entered in the office of the  
Clerk of the said Court on the 22nd day of  
July 1975, and from said and every part  
thereof.

Witness my hand and seal  
August 22 1975

My dear Sir,  
Anthony J. LaCasse and  
Thomas M. LaCasse  
Citizens of Lowell, Mass.  
officers of the Lowell  
1862 Society  
Sincerely,  
J. H. LaCasse

To  
GERALD B. BAKER, Esq.  
Agent of the Lowell  
26 School St. Lowell, Mass.  
New York New York



DOCKET NO. 7449-73



THE TAX COURT OF THE UNITED STATES

Anthony Dallacasa and Martha M. Dallacasa, )

Petitioners, )

v. )

Commissioner of Internal Revenue, )

Respondent. )

Docket No.

P E T I T I O N

The above named petitioners hereby petition for a redetermination of the deficiency set forth by the Commissioner of Internal Revenue in his notice of July 12, 1973, and as a basis of their proceeding allege as follows:

(1) The petitioners are individuals with a principal and only residence at 1662 Cropsey Avenue, Brooklyn, New York 11214. The returns for the periods here involved were filed with the Collector for the Brooklyn District of the North Atlantic Region.

(2) The Notice of Deficiency (a copy of which is attached and marked Exhibit A) was mailed to the petitioners on July 12, 1973.

(3) The deficiencies (or liabilities) as determined by the Commissioner are in Income Taxes for the calendar year ending December 31, 1966 of \$1,206.09 plus an Addition to Tax pursuant to Sec. 6653(a) of \$60.30 and for the calendar year ending December 31, 1967 of \$2,211.67 plus an Addition to Tax pursuant to Sec. 6653(a) of \$172.12 plus an addition to Tax pursuant to Sec. 6651(a) of \$400.95, of which all are in dispute.

(4) The determination of tax set forth in the said Notice of Deficiency is based upon the following errors:

(A) The finding of bank deposits for 1966 and 1967 of \$5,699.19 and \$9,071.43 respectively as unreported income was in error.



Dallacasa v. Commissioner of Internal Revenue (continued)

(B) Disallowance of statutory medical exclusions for the calendar years 1966 and 1967 were made in error.

(5) The facts upon which the petitioners rely as the basis of this proceeding are as follows:

(A) Part of this alleged income were proceeds from loans obtained from financial institutions by your petitioner.

(B) Part of this alleged income were inter bank transfers from either the Emigrant Savings Bank to the First National City Bank, or vice versa, which had already been taxed as income in the ordinary course of events by your petitioner's employer.

(C) Part of this alleged income were the proceeds obtained by your petitioner as one of the beneficiaries of your petitioner's Uncle when distribution of the Estate was made. This income was, and is, not taxable as income inasmuch as it was already taxed under other provisions of the taxing law.

WHEREFORE, the petitioners pray that this Court may hear the proceeding and completely reverse the Commissioner of Internal Revenue and completely abolish the tax deficiencies imposed for the calendar years 1966 and 1967.

Anthony Dallacasa  
Anthony Dallacasa

Martha M. Dallacasa  
Martha M. Dallacasa  
Office and Post Office Address  
1662 Cropsey Avenue  
Brooklyn, New York 11214  
Telephone: (212) 331 - 1565

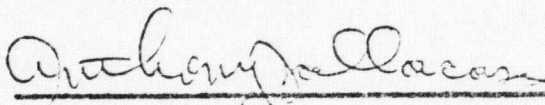
Dallacasa v. Commissioner of Internal Revenue (continued)

State of New York )

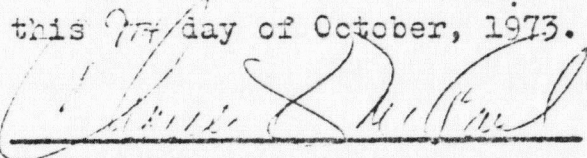
City of New York ) ss.:-

County of Kings )

Anthony Dallacasa, being duly sworn, says that he is one of the petitioners above named, that he has read the foregoing Petition, or had the same read to him, and is familiar with the statements contained therein, and that the statements contained therein are true, except those stated to be upon information and belief, and that those he believes to be true.

  
Anthony Dallacasa

Subscribed and sworn to before me  
this 7<sup>th</sup> day of October, 1973.

  
Notary Public

CHARLES D. McFAUL  
Notary Public, State of New York  
No. 24-9821992 Kings County  
Commission Expires March 30, 1974



## Department of the Treasury

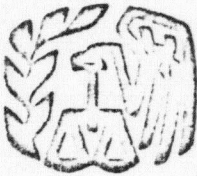
Regional Commissioner  
Internal Revenue Service  
North-Atlantic Region

Date:

JUN 10 1972

In reply refer to:

Ap:NY:JFS:PJS



*Received  
Friday  
7/13/73  
(90)*

Mr. Anthony Dallacasa and  
Mrs. Martha M. Dallacasa  
1662 Cropsey Ave.  
Brooklyn, N.Y. 11214

Dear Mr. and Mrs. Dallacasa:

| Tax Year Ended    | Deficiency -Tax | Addition to Tax<br>Sec. 6653(a) | Addition to Tax<br>Sec. 6651(a) |
|-------------------|-----------------|---------------------------------|---------------------------------|
| December 31, 1966 | \$1,206.09      | \$60.30                         | \$ -                            |
| December 31, 1967 | 2,211.67        | 172.12                          | 400.95                          |

This letter is a NOTICE OF DEFICIENCY—as required by law—that we have determined the income tax deficiencies shown above. I regret we have been unable to reach a satisfactory agreement in your case. The enclosed statement shows how the deficiencies were computed.

If you do not intend to contest this determination in the United States Tax Court, please sign and return the enclosed waiver form. This will permit an early assessment of the deficiencies and limit the accumulation of interest. The enclosed self-addressed envelope is for your convenience.

If you decide not to sign and return the waiver, the law requires that after 90 days from the date of mailing this letter (150 days if this letter is addressed to you outside the United States and the District of Columbia) we assess and bill you for the deficiencies. However, if within the time stated you contest this determination by filing a petition with the United States Tax Court, Box 70, Washington, D.C. 20044, we may not assess any deficiencies and bill you until after the Tax Court has decided your case. You may obtain a copy of the rules for filing a petition by writing to the Clerk of the Tax Court at the Court's Washington, D.C. address.

If you intend to file a petition with the United States Tax Court, you must do so within the time stated above (90 or 150 days, as the case may be); this period is fixed by law, and the Court cannot consider your case if your petition is filed late.

Sincerely yours,  
Donald C. Alexander  
Commissioner

By

*[Signature]*  
Assistant Chief  
Appellate Branch Office

Enclosures:  
Statement  
Waiver, Form 870  
Envelope

STATUTORY NOTICE STATEMENT

Ap:NY:JFS:PJS

Mr. Anthony Dallacasa and  
Mrs. Martha M. Dallacasa  
1662 Cropsey Ave.  
Brooklyn, N.Y. 11214

KIND OF TAX

Income

| TAX YEAR ENDED    | DEFICIENCY      |                                 |                                 |
|-------------------|-----------------|---------------------------------|---------------------------------|
|                   | Tax             | Addition to Tax<br>Sec. 6653(a) | Addition to Tax<br>Sec. 6651(a) |
| December 31, 1966 | \$1,206.09      | \$60.30                         | \$ -                            |
| December 31, 1967 | <u>2,211.67</u> | <u>172.12</u>                   | <u>400.95</u>                   |
|                   | \$3,417.76      | \$232.42                        | \$400.95                        |

It is determined that part of the underpayment of tax for the taxable years ended December 31, 1966 and December 31, 1967 is due to negligence or intentional disregard of Rules and Regulations. Consequently, the 5 per centum addition to the tax provided by Section 6653(a) is asserted for these years.

Since your income tax return for the taxable year 1967 was not filed within the time prescribed by law and you have not shown that such failure to timely file your return was due to reasonable cause, 20 per centum of the tax is added as provided by section 6651(a) of the 1954 Internal Revenue Code.

☐ Copy to Authorized Representative:



FORM 3611  
(REV. MAR. 1970)

INDIVIDUAL INCOME TAX

STATEMENT SCHEDULE

1

NAME Anthony Dallacasa and Martha M. Dallacasa TAXABLE YEARS ENDED December 31, 1966 December 31, 1967

TAXABLE INCOME OR ~~ADJUSTED GROSS INCOME~~ AS SHOWN IN:

- ☒ RETURN AS FILED  
☐ PRELIMINARY LETTER DATED  
☐ STATUTORY NOTICE DATED

4,675.40

7,213.91

INCREASES OR DECREASES IN INCOME: (See attached explanation of items)

- a) Unreported income  
b) Interest income  
c) Medical

5,699.19  
8.11  
228.29

9,071.43  
2.81  
362.97

See Schedule 1A for computation

TAXABLE INCOME AS REVISED ~~AND~~  
~~ADJUSTED GROSS INCOME~~

10,610.99

16,651.12

TAX COMPUTATION

TAX Joint Rates

1,954.42

3,442.31

TAX SURCHARGE

-

-

TAX PLUS SURCHARGE

1,954.42

3,442.31

LESS: TAX CREDITS

-

-

SUBTOTAL

1,954.42

3,442.31

ADD:

SELF-EMPLOYMENT TAX

-

-

TAX FROM RECOMPUTING PRIOR YEAR  
INVESTMENT CREDIT

-

-

TAX LIABILITY

1,954.42

3,442.31

LIABILITY PREVIOUSLY ASSESSED

748.33

1,230.64

DEFICIENCY ~~(EXCESS)~~

1,206.09

2,211.67

Addition to the Tax-Sec. 6653(a) IRC  
Addition to the Tax-Sec. 6651(a) IRC

60.30

-

172.12

400.95



## COMPUTATION OF MEDICAL EXPENSE ADJUSTMENT

1A

| NAME  | TAXABLE YEAR ENDED |          |  |
|---|--------------------|----------|--|
|   | 12/31/66           | 12/31/67 |  |
| 1. INSURANCE PREMIUMS FOR MEDICAL CARE<br>(One-half but not more than \$150.00)                               | -                  | 7.15     |  |
| 2. COST OF MEDICINES AS PREVIOUSLY DETERMINED   | 605.57             | 505.56   |  |
| 3. ADJUSTMENT (See explanation below)   | -                  | -        |  |
| 4. COST OF MEDICINES AS NOW DETERMINED  | 605.57             | 505.56   |  |
| 5. LESS: 1% OF REVISED ADJUSTED GROSS INCOME (line 19)  | 142.57             | 199.15   |  |
| 6. BALANCE  | 463.00             | 306.41   |  |
| 7. OTHER MEDICAL EXPENSES AS PREVIOUSLY DETERMINED  | 1,538.92           | 1,412.05 |  |
| 8. ADJUSTMENT (See explanation below)   | -                  | -        |  |
| 9. OTHER MEDICAL EXPENSES AS NOW DETERMINED (include<br>balance of insurance premiums not included on line 1) | 1,538.92           | 1,412.05 |  |
| 10. TOTAL (line 6 plus line 9)  | 2,051.92           | 1,718.46 |  |
| 11. LESS: 3% OF REVISED ADJUSTED GROSS INCOME (line 19)   | 427.72             | 597.46   |  |
| 12. BALANCE   | 1,624.20           | 1,121.00 |  |
| 13. MEDICAL DEDUCTION ALLOWABLE (line 1 plus line 12)   | 1,624.20           | 1,128.15 |  |
| 14. MEDICAL DEDUCTION PREVIOUSLY ALLOWED  | 1,852.49           | 1,491.12 |  |
| 15. ADJUSTMENT - INCREASE (DECREASE)  | 228.29             | 362.97   |  |

## ADJUSTED GROSS INCOME AS REVISED

|   |           |           |  |
|---|-----------|-----------|--|
| 16. ADJUSTED GROSS INCOME PREVIOUSLY DETERMINED | 8,549.94  | 10,841.08 |  |
| 17. ADD ITEMS a), b) SCHEDULE 1                 | 5,707.30  | 9,074.24  |  |
| 18. DEDUCT ITEMS SCHEDULE                       | -         | -         |  |
| 19. ADJUSTED GROSS INCOME AS REVISED            | 14,257.24 | 19,915.32 |  |
| EXPLANATION OF ADJUSTMENTS                      |           |           |  |



Anthony Dallacasa and Martha M. Dallacasa

Statement

EXPLANATION OF ADJUSTMENTS

Taxable Year Ended December 31, 1966 and December 31, 1967

a) It is determined that unexplained bank deposits in 1966 and 1967 in the amounts of \$5,699.19 and \$9,071.43, respectively, constitute unreported taxable income from the following sources:

|                            | <u>1966</u> | <u>1967</u>     |
|----------------------------|-------------|-----------------|
| First National City Bank   | \$5,199.19  | \$8,652.42      |
| Emigrant Ind. Savings Bank |             |                 |
| #1,626,399                 | 500.00      | 548.76          |
| Emigrant Ind. Savings Bank |             |                 |
| #1,649,045                 |             | <u>1,970.15</u> |
|                            | 5,699.19    | 11,171.43       |
| Less: Fees reported        |             | <u>2,100.00</u> |
|                            | \$ 5,699.19 | \$ 9,071.43     |

b) It is determined that you failed to report taxable interest income from Emigrant Savings Bank in 1966 and 1967 in the amounts of \$8.11 and \$2.81, respectively.

c) The medical expense deductions claimed by you in 1966 and 1967 have been decreased in the amounts of \$228.29 and \$362.97 based upon the increased statutory exclusions caused by the increases in taxable incomes.



**Anthony Dallacasa and Martha M. Dallacasa**

FORM 870  
(REV. JUNE 1969)

**DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE  
WAIVER OF RESTRICTIONS ON ASSESSMENT AND  
COLLECTION OF DEFICIENCY IN TAX AND  
ACCEPTANCE OF OVERASSESSMENT**

DATE RECEIVED BY  
INTERNAL REVENUE  
SERVICE

Ap:NY:JFS:PJS

Pursuant to section 6213(d) of the Internal Revenue Code of 1954, or corresponding provisions of prior internal revenue laws, the undersigned waives the restrictions provided in section 6213(a) of the Internal Revenue Code of 1954, or corresponding provisions of prior internal revenue laws, and consents to the assessment and collection of the following deficiencies with interest as provided by law. The undersigned also accepts the following overassessments as correct:

| DEFICIENCIES    |             | sec. 6653(a)  | 6651(a)   |
|-----------------|-------------|---------------|-----------|
| YEAR ENDED      | KIND OF TAX | AMOUNT OF TAX | PENALTY   |
| 12/31/66        | Income      | \$1,206.09    | \$60.30   |
| 12/31/67        | Income      | \$ 2,211.67   | \$ 172.12 |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
| OVERASSESSMENTS |             |               |           |
| YEAR ENDED      | KIND OF TAX | AMOUNT OF TAX | PENALTY   |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |
|                 |             |               |           |

NAME AND ADDRESS OF TAXPAYER(S) (Number, street, city or town, State, ZIP Code)

(The Internal Revenue Service does not require a seal on this form, but if one is used, please place it here.)

|              |       |      |
|--------------|-------|------|
| Signature(s) |       | DATE |
|              |       | DATE |
|              | TITLE | DATE |
| BY           |       |      |

NOTE: The execution and filing of this waiver will expedite the adjustment of your tax liability. It is not, however, a final closing agreement under section 7121 of the Internal Revenue Code and does not preclude assertion of a further deficiency in the manner provided by law if it is later determined that additional tax is due; nor does it extend the statutory period of limitation for refund, assessment, or collection of the tax.

Furthermore, execution and filing of this waiver will not preclude the taxpayer's filing under section 6511 of the Code a timely claim for refund or credit, on which (if disallowed by the Service) suit may be brought in the appropriate District Court or the U.S. Court of Claims.

If this waiver is for a year for which a JOINT RETURN was filed, it must be signed by both husband and wife unless

one, acting under a power of attorney, signs as agent for the other.

If the taxpayer is a corporation, this waiver must be signed with the corporate name followed by the signature and title of the officer(s) duly authorized to sign.

This waiver may be signed by the taxpayer's attorney or agent provided his action is specifically authorized by a power of attorney which, if not previously filed, must accompany the form.

If this waiver is signed by a person acting in a fiduciary capacity (such as executor, administrator, trustee, etc.), Form 56, "Notice of Fiduciary Relationship," should, unless previously filed, accompany this form.



UNITED STATES TAX COURT

ANTHONY DALLACASA and  
MARTHA M. DALLACASA,

## Petitioners

V.

COMMISSIONER OF INTERNAL REVENUE;

Respondent.

ANSWER

THE RESPONDENT, in answer to the petition filed in the above-entitled case, admits and denies as follows:

(1), (2) and (3) Admits the allegations of paragraphs (1), (2) and (3) of the petition.

(4) (A) and (B) Denies that the respondent erred as alleged in subparagraphs (A) and (B) of paragraph (4) of the petition.

(5) (A) to (C), inclusive. Denies the allegations of subparagraphs (A) to (C), inclusive, of paragraph (5) of the petition.

SERVED DEC 7 1979

(6) Denies generally each and every allegation of the petition not hereinbefore specifically admitted, qualified or denied.

WHEREFORE, it is prayed that the deficiencies determined by the respondent be in all respects approved.

(Sgd) MEADE WHITAKER - 20

MEADE WHITAKER,  
Chief Counsel,  
Internal Revenue Service.

OF COUNSEL:

MARVIN E. HAGEN,  
Regional Counsel,  
HAROLD B. KUSHNER,  
Attorney,  
Internal Revenue Service,  
26 Federal Plaza (12th Floor),  
New York, New York 10007.



UNITED STATES TAX COURT  
WASHINGTON, D.C. 20217

WILLIAM H. DALLAM, JR.

WILLIAM H. DALLAM, JR. )  
Petitioner, )  
 )  
v. )  
 )  
COMMISSIONER OF INTERNAL REVENUE, )  
Respondent. )

Docket No. 74-2--70

ORDER OF CONTINUANCE FOR SETTLEMENT PURPOSES

This case was called from the calendar for the Trial Session at April 22, 1975 on April 22, 1975, and it appearing that the parties have arrived at a basis for the disposition of this case by settlement, and that additional time beyond that session is needed for preparing and filing a settlement stipulation, it is

ORDERED that the above-entitled case is continued to the Motions Session of the Court in Tax Court Courtroom, 3rd Floor, 400 Second Street, N.W., Washington, D.C. 20217, at 10:00 A.M. on April 23, 1975, for purposes of settlement, at which time the parties shall report, in person or in writing, on the progress made toward settlement. If a settlement stipulation has not been filed on or before that date, the case will be restored to the general docket for trial in due course, unless the Court concludes otherwise as a result of the report of the parties. If, however, the parties shall, prior to that date, file a settlement stipulation, the case will be stricken from the calendar for that Motions Session.

(Signed) William H. Dineen

Judge

Dated: New York, New York  
April 21, 1975

Form 51  
May 1970

BEST COPY AVAILABLE

UNITED STATES TAX COURT

ANTHONY DALLACASA AND  
MARTHA M. DALLACASA,

Petitioners,

٧٠

Docket No. 7449-73

COMMISSIONER OF INTERNAL REVENUE.

Respondent:

## DISCUSSION

Pursuant to agreement of the parties in this case, it is

ORDERED and DECIDED: That there are delinquent in income taxes due from the petitioners for the taxable years 1966 and 1967 in the amounts of \$945.29 and \$1,720.48, respectively;

That there is an addition to the tax due from the petitioners for the taxable years 1966 and 1967 under the provisions of Int. Rev. Code of 1954, § 6653(a), in the amounts of \$47.26 and \$147.55, respectively; and

That there is an addition to the tax due from the petitioners for the taxable year 1967 under the provisions of Int. Rev. Code of 1954, § 6651(a), in the amount of \$302.70.

Charles A. ...  
Judge.

Entered: JUL 22 1975

\* \* \* \* \*



It is hereby stipulated that the Court may enter the foregoing decision in this case.

It is further stipulated that, effective upon the entry of this decision by the Court, petitioners waive the restrictions, if any, contained in the applicable Internal Revenue laws on the assessment and collection of the deficiencies in taxes and additions to the tax, plus statutory interest.

*Anthony M. Dallacasa*  
\_\_\_\_\_  
ANTHONY DALLACASA

*Martha M. Dallacasa*  
\_\_\_\_\_  
MARTHA M. DALLACASA,  
1662 Cropsey Avenue,  
Brooklyn, New York 11214,  
Tel. No. (212) 331-1565

MEADE WHITAKER,  
Chief Counsel,  
Internal Revenue Service

By: (Sgd) GERALD BACKER-BG  
\_\_\_\_\_  
GERALD BACKER,  
Assistant Regional Counsel,  
26 Federal Plaza, 12th Floor,  
New York, New York 10007,  
Tel. No. (212) 264-0416

FORM 3610  
(REV. MARCH 1973)

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE

AUDIT STATEMENT

SYMBOLS

AP:NY:TC:TTK:BP  
GAB

NAME OF TAXPAYER (PETITIONER)

Anthony and Martha Manelli Dallocasa

KIND OF TAX

Income

DOCKET NUMBER

7449-73

| TAX YEAR ENDED | DEFICIENCY |                                |                                 | OVERASSESSMENT |
|----------------|------------|--------------------------------|---------------------------------|----------------|
|                | TAX        | Addition To TAX<br>Sec 6651(a) | Addition To TAX<br>Sec. 6653(a) |                |
| Dec. 31, 1966  | \$ 945.29  |                                | \$ 47.26                        |                |
| Dec. 31, 1967  | 1720.43    | 302.70                         | 147.55                          |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
|                |            |                                |                                 |                |
| TOTAL          | \$ 2665.72 | \$ 302.70                      | \$ 194.81                       |                |

☐ Interest for \_\_\_\_\_ will be computed under section \_\_\_\_\_ of the Internal Revenue Code.  
(Year)

☐ The deficiency shown above for \_\_\_\_\_ does not take into account a payment of \$ \_\_\_\_\_ made on  
(Year) \_\_\_\_\_  
(Date)

The adjustment of the tax liability shown herein,  
is based upon the revision of the prior determination  
to reflect the Regional Council Settlement.



Form 5278  
January 1975

Department of the Treasury - Internal Revenue Service  
Statement - Income Tax Changes

Return Form No. 1040  
Schedule No. 1

Name of Taxpayer(s)

Anthony and Martha Marelli Dallacasa

☐ Notice of Deficiency ☒ Other (specify)  
☐ Settlement Computation *Section 1311*

Tax Years Ended

|  |  | Dec. 31, 1966 | Dec. 31, 1967           |
|--|--|---------------|-------------------------|
| 1. Adjustments to income   |  |               |                         |
| a.   | Unreported income  | ( 1,139.84 )  | ( 1,814.29 )            |
| b.   | Medical  | ( 48.59 )     | ( 72.57 )               |
| c.   |  |               |                         |
| d.   |  |               |                         |
| e.   |  |               |                         |
| f.   |  |               |                         |
| g.   |  |               |                         |
| 2. Total adjustments   |  | ( 1,185.43 )  | ( 1,886.86 )            |
| 3a.  | <input checked="" type="checkbox"/> Taxable income <input type="checkbox"/> Adjusted gross income  |               |                         |
| b.   | As shown in:   |               |                         |
|  | <input type="checkbox"/> Preliminary letter dated _____ <input checked="" type="checkbox"/> Notice of deficiency dated <u>July 12, 1973</u> <input type="checkbox"/> Return as filed | 10,610.99     | 16,651.12               |
| 4.   | <input type="checkbox"/> Taxable income as revised <input type="checkbox"/> Adjusted gross income as revised   | 9,425.56      | 14,764.26               |
| 5. Tax   |  | 1,693.62      | 2,951.07                |
| 6. Alternative tax if applicable (from page _____)                                       |  |               |                         |
| 7. Tax surcharge   |  |               |                         |
| 8. Corrected tax liability (Lesser of line 5 or 6, plus line 7)                          |  | 1,693.62      | 2,951.07                |
| 9. Less credits (specify)  | a. _____<br>b. _____<br>c. _____   |               |                         |
| 10. Balance (line 8 less amounts on lines 9a through 9c)                                 |  | 1,693.62      | 2,951.07                |
| 11. Plus   | a. Tax from recomputing prior year investment credit<br>b. Self-employment tax<br>c. _____   |               |                         |
| 12. Total corrected income tax liability (line 10 plus amounts on lines 11a through 11c) |  | 1,693.62      | 2,951.07                |
| 13. Total tax shown on return or as previously adjusted                                  |  | 748.33        | 1,230.64                |
| 14. Statutory deficiency or overassessment (difference between lines 12 and 13)          |  | \$ 945.29     | \$ 1,720.43             |
| 15. Additions to the tax (listed below)  |  | 47.26         | 147.55 (5% of 2,951.07) |
| Addition to the TAX - Sec. 6653(a)   |  |               |                         |
| Addition to the TAX - Sec. 6653(a)   |  |               |                         |
| 2,951.07 less 1437.58 = 1513.49 x 20% =  |  |               | 302.70                  |



EXPLANATION OF ITEMS

SCHEDULE NO. OR  
EXHIBIT

2

NAME OF TAXPAYER

Anthony and Martha Manelli Dalbena

YEAR/PERIOD ENDED

(a) You conceded that 80% of the unreported income from bank deposits constituted taxable income.

|                               | Dec. 31, 1966       | Dec. 31, 1967       |
|-------------------------------|---------------------|---------------------|
| Unreported income per S/N     | \$5,699.19          | \$9,071.43          |
|                               | x 20%               | x 20%               |
| Decrease in unreported income | <u>(\$1,139.84)</u> | <u>(\$1,814.29)</u> |

(b) Due to the decrease in your adjusted gross income a statutory allowance for the medical education is made.

|        |                   |         |
|--------|-------------------|---------|
| 1966 - | 4% x \$1,139.84 = | \$45.59 |
| 1967 - | 4% x 1,814.29 =   | 72.57   |